



For Immediate Release
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BAUCUS LOOKS INTO QUESTIONABLE TAX PRACTICES OF FAILED GULF OIL RIG OWNER

Finance Chairman Seeks More Information on Oil Company's Taxes, Outsourcing of Headquarters Overseas

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) launched an investigation today into the tax practices of Transocean Ltd., owner of the offshore drilling rig that exploded in the Gulf of Mexico this past April leading to a disastrous oil spill that has cost thousands of jobs and billions of dollars in damages. Baucus is looking into the U.S. tax implications resulting from Transocean relocating its headquarters to the Cayman Islands and Switzerland.

"Transocean's questionable business practices may be at fault for costing lives and livelihoods on the Gulf Coast, and now there are questions regarding the oil company's tax practices as well," Baucus said. **"Hard-working Americans pull their own weight by paying the taxes they owe every day and American companies must do the same. We worked hard to pass legislation that closes the loopholes some companies use to move overseas and avoid paying U.S. taxes. This investigation will examine whether Transocean has exploited current U.S. tax law by moving its headquarters overseas and help us determine what more can be done to protect American taxpayers from companies who avoid paying their fair share."**

Transocean, still largely physically located in the U.S., moved its headquarters to the Cayman Islands in 1999, thus avoiding U.S. taxes, and has since relocated the headquarters to Switzerland. Baucus led the fight in the Senate to shut down this practice, known as corporate inversion, and successfully passed the American Jobs Creation Act of 2004, which closed loopholes in the tax code that made corporate inversion possible.

Baucus sent a letter today calling on Transocean to provide detailed documents and explanations relating to the company's tax practices. This information will help the Finance Committee discern the tax benefits Transocean received by exploiting the loopholes closed by the American Jobs Creation Act of 2004 and determine whether further legislative action is necessary to prevent erosion of the U.S. tax base through corporate inversions.

Today's letter is part of Baucus's longstanding effort to fight offshore tax avoidance and evasion, which deprive American taxpayers of thousands of jobs and billions of dollars. In addition to passing the American Jobs Creation Act of 2004, this year, the Finance Chairman worked to pass his Foreign Account Tax Compliance Act as part of the HIRE Act signed into law in March.

Text of today's letter follows below.

June 30, 2010

Via Electronic Transmission

Steven L. Newman
President and Chief Executive Officer
Transocean, Ltd.
U.S. Headquarters
4 Greenway Plaza
Houston, TX 77046

Dear Mr. Newman:

As the Chairman of the Committee on Finance, I have a constitutional duty to conduct oversight of the Internal Revenue Code.

Press accounts regarding the oil spill in the Gulf of Mexico have reported how Transocean Ltd., owner of the Deepwater Horizon offshore drilling rig that exploded in the Gulf of Mexico, used a technique called a “corporate inversion” to move its headquarters from the United States to the Cayman Islands in 1999, and then to Switzerland in 2008. Corporate inversions are designed to minimize US taxes on offshore profits by moving a company’s headquarters to a foreign country while the company’s management and control functions remain in the US. Under the lead of the Senate Finance Committee, corporate inversion transactions were banned by Congress in the American Jobs Creation Act of 2004 (the Jobs Act). The Jobs Act also contained a number of provisions to shut down tax shelters, including shelters that involve foreign parties, such as Sale In/Lease Out transactions.

Additionally, in March of this year, comprehensive legislation that I introduced to prevent offshore tax evasion was enacted in the HIRE Act.

To further the goals of equitable tax administration, voluntary tax compliance and closing offshore loopholes, I request that Transocean Ltd. respond to the following questions. For purposes of this inquiry, references to Transocean, Ltd. include any and all subsidiaries and any and all related entities.

1. Please provide the following information regarding Transocean’s tax obligations:
 - a. Copies of all U.S. tax returns filed for the last three taxable periods by Transocean, Ltd. Returns to be provided include, but are not limited to, income, employment, excise, trust, and summary information returns.
 - b. Does Transocean, Ltd. have any tax examinations, tax determinations, filing or payment matters, or other matters of tax controversy pending with the IRS? If so, please provide details, including, but not limited to, the tax years, the type of taxes, the tax issues, and the amounts in question.
 - c. Transocean, Ltd.’s U.S. and overall effective tax rates per year for the years 1995 through 2009.
 - d. A schedule detailing Transocean, Ltd.’s tax liabilities and taxable income reported on Form 1120 for the years 1995 through 2009.

2. Please provide copies of all SEC filings for the last three periods.
3. For the last three years, identify all countries in which Transocean, Ltd. has had operations, the type of activity conducted in each country, the type and amount of assets located in each country, and the amount of revenue derived from each country. Please provide a current organization chart.
4. Describe Transocean, Ltd.'s management and control practices. Where are Transocean, Ltd.'s CEO, CFO and COO located? Where is the legal department located? Where is the tax department located? Where are decisions concerning long-term, mid-term, annual and day-to-day planning made? How often and where has the Board of Directors met during the last three years?
5. Please provide the following information regarding Transocean's reincorporation in the Cayman Islands:
 - a. A description of the reasons why Transocean, Ltd. reincorporated from a Delaware corporation to a Cayman Islands corporation in May of 1999 ("Cayman Islands Reincorporation"), including relevant board of directors minutes and SEC filings.
 - b. A description of the specific business and operational changes that resulted from the Cayman Islands Reincorporation.
 - c. The percentage of Transocean Ltd.'s total assets, employees, officers, and directors located in the Cayman Islands immediately after the Cayman Islands Reincorporation.
 - d. The percentage of Transocean, Ltd.'s revenues derived from the Cayman Islands for the year 2000.
6. Please provide the following information regarding Transocean's reincorporation in Switzerland:
 - a. A description of the reasons why Transocean, Ltd. reincorporated from the Cayman Islands to Switzerland in December of 2008 ("Switzerland Reincorporation"), including relevant board of directors minutes and SEC filings.
 - b. A description of the specific business and operational changes that resulted from the Switzerland Reincorporation.
 - c. The percentage of Transocean, Ltd.'s assets, employees, officers and directors located in Switzerland immediately after the Switzerland Reincorporation.
 - d. The percentage of Transocean, Ltd.'s revenues derived from Switzerland for the year 2009.
7. Please provide the following information regarding Transocean's intercompany items:

- a. A schedule that details the amount of intercompany debt owed from each of Transocean, Ltd.'s U.S. subsidiaries to Transocean, Ltd.'s non-U.S. subsidiaries per year for the years 1995 through 2009.
 - b. A schedule detailing the type and amount of payments made by each of Transocean, Ltd.'s U.S. subsidiaries to Transocean, Ltd.'s non-U.S. subsidiaries per year from 1994 through 2009 that were deductible for U.S. federal tax purposes.
8. Please provide the following information regarding the provision of services to Transocean, Ltd.:
 - a. The total number of individuals providing services to Transocean, Ltd.
 - b. Each location at which these individuals are providing services and the number of individuals that work at each location.
 - c. The job titles and job descriptions of the service providers at each location, and whether the individual filling each position is considered to be an employee or an independent contractor.
 - d. If service providers are provided through a leasing entity or some other arrangement, and not hired or retained directly by Transocean, Ltd., please identify the entities through which workers are obtained, where they are located and registered, and the arrangements between Transocean, Ltd. and the entity for payment, withholding, information reporting, health care, pensions, and other benefits.
9. A description of all Transocean, Ltd. related environmental liabilities, including any potential liabilities that Transocean, Ltd. has disputed or intends to dispute. Include estimates of the financial requirements for the cleanup of hazardous substances, waste disposal sites and contaminated groundwater under both state and federal law. The description and estimate shall include, but not be limited to, liabilities under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the Resource Conservation and Recovery Act ("RCRA) and similar state acts. How does the Deepwater Horizon oil rig incident impact Transocean, Ltd.'s ability to meet these liabilities?

I look forward to receiving your response to this inquiry by July 19, 2010. Please contact [Finance Committee Staff] with any questions you may have regarding this letter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Max Baucus", is centered below the word "Sincerely,".

Max Baucus
Chairman

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